



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

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October 13, 2005

Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT NO. 2 TO CONTRACT NUMBER H-700717
WITH NAVIGANT CONSULTING, INC., FOR MANAGEMENT
CONSULTING SERVICES AT KING/DREW MEDICAL CENTER (KDMC)
(2nd District) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Director of Health Services, or his designee, to execute Amendment No. 2 to Contract Number H-700717, in a form substantially similar to attached Exhibit 1, with Navigant Consulting, Inc. (Navigant), for management consulting services at KDMC, to increase the maximum contract obligation up to \$20,684,000 and to make other substantive changes to the terms of the agreement.
2. Approve the attached Appropriation Adjustment to realign \$5,721,750 from Salaries and Employee Benefits (S&EB) to Services and Supplies (S&S) to allow for the increased maximum contract obligation with no increase in County cost.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

Approval of Amendment No. 2 extends the original contract term, on a month to month basis, for up to an additional six (6) months and augments the maximum obligation of this contract from \$14,962,250 up to \$20,684,000, for the purpose of retaining a core of Navigant consultants to transition the management of KDMC from Navigant to County staff, to continue to bring KDMC into compliance with JCAHO standards and CMS Conditions of Participation, and to maintain and sustain achieved progress. The Department believes that the management transition can be accomplished within six (6) months, or by the end of April 2006.

FISCAL IMPACT/FINANCING:

The maximum contract obligation will be increased by \$5,721,750 from \$14,962,250 up to \$20,684,000. Funds are available in the Department's Fiscal Year 2005-2006 Final Budget. The attached Appropriation Adjustment for \$5,721,750 is required to realign a portion of the projected surplus in Salaries and Employee Benefits (S&EB) to Services and Supplies (S&S). The projected surplus in Salaries and Employee Benefits (S&EB) is due to hiring delays related to hard-to-recruit positions. There is no increase in County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On October 19, 2004, your Board approved a one year agreement with Navigant for the provision of management consulting services at KDMC. The agreement expires on October 31, 2005. Under the terms of the agreement, the County, at its sole discretion, has the option to extend the contract term on a month to month basis for up to an additional twelve (12) month period. Any such extension to the agreement is to be done by a written amendment executed by the Board of Supervisors.

In May, 2005 your Board approved Amendment No. 1 to this agreement which increased the maximum obligation of the contract from \$13,205,000 to \$14,962,250 for the purpose of adding supplemental clinical personnel to the Navigant engagement at KDMC.

Approval of Amendment No. 2 to this agreement will enable the Director of Health Services to work with Navigant to transition the management of KDMC to County staff by no later than April 30, 2006, to continue to bring KDMC into compliance with CMS Conditions of Participation and JCAHO standards, and to maintain and sustain achieved progress.

CMS/JCAHO

The Navigant and KDMC staff are focusing their efforts on preparing the hospital for the full scope CMS survey of KDMC as well as implementing the Plan of Corrections submitted to CMS on June 9, 2005 and preparing the hospital for the JCAHO survey.

- **CMS.** KDMC has operated under a Memorandum of Understanding (MOU) with CMS since October 2004. This MOU provided a one year timeframe for the facility to address the deficiencies and areas of non-compliance with CMS Conditions of Participation. CMS has stated that it will conduct a full-scope survey of KDMC at the expiration of the MOU. The Department anticipates that the survey will be conducted any time between November 2005 and January 2006. The actual date will be set by CMS.
- **JCAHO.** Navigant and KDMC staff continue to make progress in bringing the hospital into compliance with JCAHO's accreditation standards. A mock survey conducted by a team from University Health System Consortium (UHC) during the week of August 8, 2005 showed progress in key areas, but the hospital is not currently ready for a scheduled accreditation review. The Department continues to work with Navigant to determine the appropriate date to schedule the JCAHO survey, which will most likely take place in March 2006.

Required Navigant Personnel for Transition

DHS and Navigant senior managers have completed an assessment of the required Navigant personnel for a successful transition and for the continuation of CMS/JCAHO preparations. A detailed list of Navigant consultants who will work during this transition are depicted in Exhibit A-2 of the Amendment No. 2 to the Navigant contract.

Expediting the Transition of Management from Navigant to KDMC Staff

Although we have recommended through Amendment No. 2 an additional maximum obligation of \$5,721,750 we anticipate that as we hire County staff to replace the Navigant personnel, we will be able to reduce the Contract expenditures upon appropriate transition. The contract provides the Department with the ability to request that Navigant cease providing specified personnel if the Department believes that these personnel are no longer required. With assistance from the CAO and DHR, we plan to continue the aggressive recruitment of County staff to fill the key positions at KDMC.

CONTRACTING PROCESS:

The original agreement with Navigant resulted from a solicitation conducted by the Department. It is not appropriate to advertise amendments.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of funding under this Amendment No. 2 of the contract will enable the Department to retain Navigant's services for a successful transition of management to KDMC staff and to continue to bring KDMC into compliance with JCAHO standards and CMS Conditions of Participation.

When approved, the Department requires the original and three (3) signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas L. Garthwaite", written over a horizontal line.

Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:al

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

CONTRACT WITH NAVIGANT CONSULTING, INCORPORATED For
EXECUTIVE MANAGEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this _____ day
of _____, 2005,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

NAVIGANT CONSULTING,
INCORPORATED, (hereafter
"Contractor")

WHEREAS, reference is made to that certain document entitled "CONTRACT
BETWEEN COUNTY OF LOS ANGELES AND NAVIGANT CONSULTING,
INCORPORATED FOR EXECUTIVE MANAGEMENT SERVICES," dated October 28, 2004,
and Amendment No. 1 thereto further identified as Agreement No. H-700717 (all hereafter
"Contract"); and

WHEREAS, Contractor has delivered to County its assessment report as required by
Contract and has had experience actually providing interim management services at King/Drew
Medical Center ("Hospital"); and

WHEREAS, County wishes to exercise its option to extend the Contract term on a month
to month basis for up to six (6) months ("Option Term"); and

WHEREAS, based on Contractor's evaluation of Hospital, and its experience in managing
it, the parties have determined that certain changes to the Contract are warranted; and

WHEREAS, changes in Contractor's staffing and County's exercise of its option to extend
the Contract for up to six (6) months requires an increase in Contract's maximum obligation; and

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WHEREAS, Contract provides that changes to its terms may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties hereby agree as follows:

1. This Amendment shall be effective upon its approval by County's Board of Supervisors and shall continue in full force and effect on a month to month basis through and including April 30, 2006. Should County determine that it will not extend the Contract for the following month, County will provide written notice to Contractor no less than five (5) calendar days prior to the end of the current month. County reserves its right to exercise the additional six (6) month option term provided pursuant to Paragraph 4.2.

2. Paragraph 5.1 shall become Paragraph 5.1 (A). Paragraph 5.1 (B) shall be added to the Contract and shall read as follows:

"The Maximum Contract Sum for the period of November 1, 2005 through April 30, 2006, shall be up to \$5,721,750.00 as further detailed in Exhibit A-2."

3. The reference to "Fred Leaf, Chief Operating Officer" in Paragraphs 5.5.5, 8.24.1 and 8.42.8 shall be replaced with "County Project Director". County's Project Director shall be the Director of the Department of Health Services or his designee.

4. Exhibit A-2, "Contractor Transition Staffing During the Option Term November 1, 2005 through April 30, 2006", is added to the Contract.

5. The provisions of Exhibit A, Statement of Work, shall be revised in all pertinent places to read as follows:

"... shall not affect the maximum Obligation Contract Sum specified in paragraph 5.1 nor shall it cause Contractor's monthly invoice for any one month to exceed by more than 10% the monthly maximum set forth in Exhibit B, Pricing Schedule or Exhibit A-2 as applicable."

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6. Paragraph 5.5.3, shall be revised to read as follows:

"The Contractor's monthly invoice for interim management services shall specify: (a) the positions which it intends to fill during the month and corresponding Man-Day-Equivalents, (b) the total amount owed for such services based on the rates set forth in Exhibit A-1 and A-2 as applicable to this Contract, and (c) any credit due to the County for Man-Day-Equivalents invoiced for the prior month which were not provided for the full month prior.

The Contractor's invoices for implementation services shall specify (i) the personnel who will be providing services during the month, (ii) each individual's Man-Day-Equivalents, (iii) the fee for each individual's services, calculated at the rates specified in Exhibit A-1 and A-2 as applicable hereto and (iv) any credit owed to the County for Man-Day-Equivalents invoiced for the prior month which were not provided.

In addition, each invoice shall be accompanied by verifications signed by the Contractor's Project Director, certifying that the services billed on the prior month's invoice were either rendered at the anticipated levels, or were rendered at a different level, whichever is appropriate. If a different level of service was provided, the certification form shall specify the actual level of services provided. Contractor shall maintain documentation to support this certification and shall make this documentation available to County upon request. Contractor's obligation to maintain and make available supporting documentation shall survive the expiration of this Contract for five years.

Invoices for expenses shall include documentation verifying the nature and amounts of each expense, except for meals. Invoices for meals shall list the name of each individual and the number of days during the month that the individual was providing services in Los Angeles

County"

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7. Except as provided herein, all other provisions of the Contract shall remain unchanged.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By

Thomas L. Garthwaite, M.D.
Director of Health Services and
Chief Medical Officer

CONTRACTOR

Navigant Consulting, Incorporated

By

Signature

Print Name

Title

(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF COUNTY COUNSEL

County Counsel

By

Richard K. Mason
Assistant County Counsel

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Role/Title	Navigant Base Rate for Professional Fees (1)	Maximum Monthly Expenses (up to 25% of billed professional fees)	Total Maximum Monthly Cost (1)	# of Consultants	Months	Total Maximum Cost (1)
Project Executive/Advisor to CEO	\$67,500	\$16,875	\$84,375	1.00	6.0	\$506,250
Implementation Project Executive	\$67,500	\$16,875	\$84,375	1.00	3.0	\$253,125
COO	\$52,200	\$13,050	\$65,250	1.00	5.0	\$326,250
CNO	\$52,200	\$13,050	\$65,250	1.00	5.0	\$326,250
Performance Improvement and Quality, MD	\$52,200	\$13,050	\$65,250	1.00	6.0	\$391,500
Performance Improvement and Quality, RN	\$45,000	\$11,250	\$56,250	1.00	5.0	\$281,250
Nursing Management Consultant, ED	\$36,000	\$9,000	\$45,000	1.00	6.0	\$270,000
Education and Competency	\$36,000	\$9,000	\$45,000	1.00	6.0	\$270,000
Radiology Consultant	\$45,000	\$11,250	\$56,250	1.00	3.0	\$168,750
Operations, Case Management, Social Services Specialist, RN	\$45,000	\$11,250	\$56,250	1.00	3.0	\$168,750
Member, Clinical Assistance Team	\$36,000	\$9,000	\$45,000	1.00	2.0	\$90,000
Member, Clinical Assistance Team	\$36,000	\$9,000	\$45,000	1.00	2.0	\$90,000
Member, Clinical Assistance Team	\$36,000	\$9,000	\$45,000	1.00	6.0	\$270,000
Member, Clinical Assistance Team	\$36,000	\$9,000	\$45,000	1.00	6.0	\$270,000
Regulatory, Director	\$52,200	\$13,050	\$65,250	1.00	6.0	\$391,500
Regulatory, Support	\$33,000	\$8,250	\$41,250	1.00	6.0	\$247,500
Regulatory, Clinical	\$45,000	\$11,250	\$56,250	1.00	4.0	\$225,000
Emergency, RN	\$63,000	\$15,750	\$78,750	0.50	2.0	\$78,750
Nursing Documentation and Intensive Care Specialist, RN	\$36,000	\$9,000	\$45,000	1.00	2.0	\$90,000
Nursing Documentation and Intensive Care Specialist, RN	\$36,000	\$9,000	\$45,000	0.50	1.0	\$22,500
Medication Management	\$36,000	\$9,000	\$45,000	1.00	2.5	\$112,500
Medication Management	\$36,000	\$9,000	\$45,000	0.50	2.5	\$56,250
Infection Control Specialist, RN	\$45,000	\$11,250	\$56,250	0.25	5.0	\$70,313
Medical Records	\$52,200	\$13,050	\$65,250	0.25	1.0	\$16,313
Medical Records	\$52,200	\$13,050	\$65,250	0.50	1.0	\$32,625
Perioperative Services, MD	\$63,000	\$15,750	\$78,750	0.25	2.0	\$39,375
Perioperative Services, RN	\$52,200	\$13,050	\$65,250	0.25	2.0	\$32,625
QM Specialist	\$45,000	\$11,250	\$56,250	0.50	2.0	\$56,250
Member, Quality Management(QM) Team	\$45,000	\$11,250	\$56,250	0.50	2.0	\$56,250
Results Management Office Analyst	\$40,500	\$10,125	\$50,625	1.00	6.0	\$303,750
Results Management Office Analyst	\$33,300	\$8,325	\$41,625	1.00	5.0	\$208,125
TOTAL						\$5,721,750

Footnote (1): Contractor shall prorate such amounts when the individual works less Man-Day Equivalents than full-time. County shall not be responsible for any additional payments for hours in excess of a normal full-time position.

COUNTY OF LOS ANGELES
REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S.
No.

DEPARTMENT OF Health Services

October 13, 2005

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

(3-VOTES)

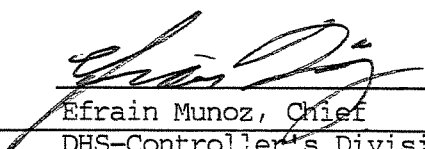
Fiscal Year 2005-06

Please see attached for details.

Justification:

This budget adjustment is to realign a portion of the surplus in S&EB to S&S to augment the mainum obligation of the Navigant Contract No. H-700717 to \$20.684M.

EM:ry:ty
10/13/05


Efrain Munoz, Chief

DHS-Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER FOR—

ACTION

RECOMMENDATION

APPROVED AS REQUESTED

AS REVISED

OCTOBER 18, 2005

DAVID E. JAUSSEN

CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

19

BY

DEPUTY COUNTY CLERK

AUDITOR-CONTROLLER BY

BY

No. 171

OCT. 18 2005

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2005-06

(3 Votes)

SOURCES:

Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Salary and Employee Benefits
MN5-HK-60030-1000

USES:

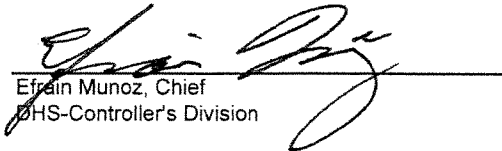
Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Services and Supplies
MN5-HK-60030-2000

Total \$ 5,722,000

Total

\$ 5,722,000

NOTED AND APPROVED


Efraim Munoz, Chief
DHS-Controller's Division



BA#171

OCT. 18, 2005

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2005-06

(3 Votes)

SOURCES:

Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Salary and Employee Benefits
MN5-HK-60030-1000

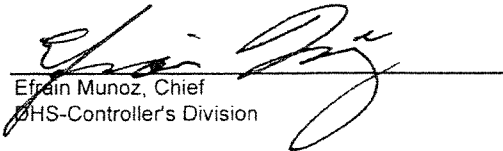
USES:

Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Services and Supplies
MN5-HK-60030-2000

Total \$ 5,722,000

Total \$ 5,722,000

NOTED AND APPROVED


Efraim Munoz, Chief
DHS-Controller's Division



BA #171

OCT. 18, 2005

DEPARTMENT OF HEALTH SERVICES
BUDGET ADJUSTMENT
FISCAL YEAR 2005-06

(3 Votes)

SOURCES:

Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Salary and Employee Benefits
MN5-HK-60030-1000

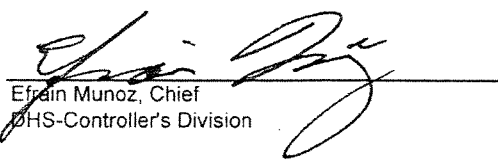
USES:

Southwest Cluster (MLK/D Medical Center) \$ 5,722,000
Services and Supplies
MN5-HK-60030-2000

Total \$ 5,722,000

Total \$ 5,722,000

NOTED AND APPROVED


Efraim Munoz, Chief
DHS-Controller's Division



BA #171

OCT. 18, 2005